



ENERGY ASSURANCE DAILY

Monday, July 17, 2006

Electricity

California ISO Issues Power Watch, Likely to Declare Stage 1 Emergency July 17, Says California Wildfires Not Near Major Transmission Lines

High temperatures are expected to cause record electricity use today in California. Electricity demand is expected to peak at 48,220 MW, a 6.1 percent increase over the previous record. The California Independent System Operator has asked consumers to conserve energy and say that they will likely declare a Stage 1 Emergency. Stage 1, the lowest of Cal ISO's three emergency conditions, calls for consumers to be urged to reduce electricity use voluntarily to avoid severe conditions and resulting outages. California ISO officials also said that a Stage 2 Emergency is possible. Stage 2 allows utilities to cut supplies to customers who have agreed to have their power reduced in times of emergencies in exchange for lower rates. On July 14, Cal ISO said that California's power plants, transmission lines and distribution systems are expected to operate well without causing blackouts during the high electricity demand over the next few days. Cal ISO also said that wildfires, which are still raging in parts of California, were not near major transmission lines.

http://cbs2.com/topstories/local_story_198064946.html

<http://www.caiso.com/1832/1832c6e2144c0.pdf>

http://today.reuters.com/investing/financeArticle.aspx?type=bondsNews&storyID=2006-07-14T235123Z_01_N14190109_RTRIDST_0_UTILITIES-CALIFORNIA-POWER-UPDATE-2.XML

Midwest ISO Declares Emergency Conservation Alert

Facing a forecast record peak demand, the Midwest ISO declared an emergency conservation alert for July 17. Peak demand is forecast to hit 135,800 MW.

<http://biz.yahoo.com/bizj/060717/1316836.html?v=2>

California ISO Concerned About Pacific DC Intertie

On July 12 Yakout Mansour, president of the California Independent System Operator, told a House subcommittee on energy and resources that California had an improved electricity situation but said he was concerned about the Pacific DC Intertie. The 2,900 MW transmission line, which delivers electricity to Southern California from the Pacific Northwest, has experienced 64 outages since mid-June. According to a table published by Reuters, the Pacific DC Intertie began an outage on July 5 and will not restart until July 28. Mansour also said that California's transmission lines are vulnerable to forest fires, floods and earthquakes and that transmission outages could lead to blackouts in some areas.

Testimony: <http://reform.house.gov/ER/News/DocumentSingle.aspx?DocumentID=47015>

<http://www.infozine.com/news/stories/op/storiesView/sid/16449/>

<http://www.abb.com/cawp/gad02181/c1256d71001e0037c1256b8000371e41.aspx>

Reuters, 08:40 July 17, 2006

LS Power's 260 MW Gas-fired Moss Landing Plant in California Shut July 16

Reuters 08:39 July 17, 2006

Exelon's 619 MW Oyster Creek Nuke Nearing Full Power – Traders

According to reports from electricity traders, the 619 MW Oyster Creek nuclear plant of Exelon Corp. was operating at nearly full power by mid-morning on July 17. The unit had been reduced to operating at about 70 percent of capacity over the weekend according to the daily report of the Nuclear Regulatory Commission. According to Bloomberg, the unit had been operating at reduced power because loose seagrass was causing a problem for the cooling water intake pumps.

Reuters, 09:46 July 17, 2006

Bloomberg, 09:31 July 17, 2006

TXU's 565 MW Coal-fired Unit 2 at its Monticello Plant in Texas Back in Service July 17

TXU announced that the 565 MW coal-fired unit 2 at its Monticello power plant returned to service on July 17. The unit was taken out of service on July 16 when a leak was discovered on a governor valve.
Reuters, 11:21 July 17, 2006

NRG Energy Plans to Restart 766 MW Coal-fired Limestone Unit 2 in Texas July 17

NRG filed a report with regulators saying they planned to restart the unit July 16-July 17. The unit had been shut down on July 14 to repair a boiler tube leak.
Reuters, 08:22 July 17, 2006

AEP to Restart 528 MW Coal-fired Welsh Unit 1 in Texas Soon

According to a report filed with state regulators, AEP plans to restart the unit which was shut on July 16 because a leak developed in the control system fluid.
Reuters, 08:03 July 17, 2006

Jellyfish Causing Trouble at 1,700 MW Calvert Cliffs Nuclear Power Plant in Maryland

According to filings with the NRC, masses of jellyfish have clogged intake pumps at the plant three times this month. In one case, the plant was forced to trim power output from Unit 1 to 41 percent of capacity. The Chalk Point Generating Station in Maryland has also reported having jellyfish trouble.

<http://www.wvec.com/sharedcontent/APStories/stories/D8JS5GAO0.html>

Bonneville Plans for Pacific Northwest Energy Future

On July 13, the Bonneville Power Administration released a draft proposal defining its roll in the long-term energy future of the Pacific Northwest. The proposed plan provides a framework for utilities operating in the region to develop resources. In addition, a key recommendation is to return to long-term contracts to help stabilize prices and to assist in resource and infrastructure planning and development. The public has until September 29 to comment on the proposed plan.

<http://onlinepressroom.net/bonneville/>

Petroleum

Fire Shuts Several Units at PdVSA's 640,000 b/d Amuay Refinery in Venezuela July 17 – Market Sources

According to market sources, several processing units were down at the refinery following a fire at a distillation unit. Sources said that three crude distillation units two more were recirculating. They also said that other major processing units were also recirculating. Although PdVSA denies that the fire has impacted operations at the refinery, a shipping source told Reuters that tankers were waiting to load at Amuay. Venezuela supplied 7.9 percent of total U.S. refined petroleum product imports in 2005, or about 275,000 b/d.

Reuters 09:27 and 10:50 July 17, 2006

PdVSA to Restart 54,000 b/d Cat Cracker at El Palito Refinery in Venezuela

The company said that the cat cracker was in a "pre-startup process" at the 130,000 b/d refinery. In early June, PdVSA reported that a power failure had shut three units at the plant. The refinery provides a small amount of gasoline to international clients.

Reuters 12:11 July 17, 2006

Update: BP Preparing to Restart Crude Unit at 460,000 b/d Texas City, Texas Refinery

BP has begun preparations to restart the second of two units at the refinery. The first unit has already been restarted and the refinery is currently processing about 200,000 b/d of crude oil. The refinery was shut following an explosion and fire in March 2005 and was also shut in September for Hurricane Rita. BP is targeting a crude throughput of 400,000 b/d at the refinery by the end of this year.

Reuters, 09:57 July 17, 2006

Pump Seal Failure Starts Fire at Flint Hills' Corpus Christi, Texas Refinery July 13

A fire and visible emissions lasted seven minutes and the pump, located in the refinery's west plant, was immediately shut down.

Reuters, 09:11 July 17, 2006

Olympic Pipe Line Seeking Federal Approval to Ramp Up Capacity

Flow on the 285,000 b/d refined products line, which runs from northwestern Washington State to northwestern Oregon, has been at 80 percent of capacity since 2001 when the pipeline resumed operations following a rupture in 1999 which killed three people. BP Pipelines North America, which operates the line, said that it has been working to complete a list of inspections and upgrades required by the federal Office of Pipeline Safety.

<http://www.kirotv.com/news/9524302/detail.html>

Update: Venezuela Vows to Continue to Supplying U.S., Citgo Move Not Politically Motivated

On July 14, the Venezuelan Oil Ministry announced that the decision by Citgo (a wholly owned subsidiary of the Venezuelan state oil company, PdVSA) to discontinue supplying some 1,800 outlets in the U.S. fuel market was motivated by economics not politics. The ministry representative maintained that the decision came about only because Citgo was unable to meet customer demand solely through production from its own refineries and consequently was forced to purchase more expensive products refined by others to meet contractual needs of some customers in the U.S. The move generated some speculation that it was a part of Venezuelan President Hugo Chavez's plan to diversify the market for Venezuelan oil and to downplay dependence on the U.S. market.

http://news.monstersandcritics.com/business/article_1181042.php/Venezuela_pledges_to_maintain_oil_supply_to_US_despite_closures

Iraq Cancels Sale of Kirkuk Crude Due to Insufficient Volume – Shippers

According to shippers, Iraq has cancelled the sale tender for its Kirkuk crude oil because insufficient volumes are available. The sources indicated that sabotage was not the reason for the cancellation but had no further information as to why only 600,000 to 700,000 bbls were in storage at the terminus of the line in Ceyhan, Turkey.

Reuters, 07:04 July 17, 2006

Middle East War Affecting Syrian Oil Shipping

According to a regional shipping source, the escalating conflict between Israeli forces and Hizbollah in Lebanon has made shippers of Syrian crude oil wary of entering the country's main oil terminal in Baniyas. Syria's state oil company Sytrol exports about 200,000 b/d of crude oil as well naphtha and vacuum gas oil from the 130,000 b/d Baniyas oil refinery. Sources report that some oil vessels due for Baniyas are being held in international waters.

However, a Sytrol official and some crude oil traders described operations at Baniyas as "normal."

Reuters, 12:46 July 17, 2006

Natural Gas

Nothing to report.

Other News

G-8 Leaders Adopt Global Energy Security Plan

When they met on Sunday, leaders of the Group of Eight countries adopted an action plan aimed at ensuring world energy security in the face of rising oil prices and seeking increased transparency in energy markets, enhanced energy efficiency and diversified energy sources.

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=6907653

Energy Prices

U.S. Oil and Gas Prices July 17, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	75.70	73.35	58.36
NATURAL GAS Henry Hub \$/Million Btu	6.27	5.62	8.02

Source: Reuters

Energy Notes

To Deflate Price the World Needs More Output Capacity, Not More Oil - IEA

Reuters, 13:01 July 17, 2006

Bush, Putin Announce Program to Prevent Nuclear Terrorism

<http://www.chron.com/disp/story.mpl/world/4049115.html>

TransCanada Proposes Alternative Pipeline Plan for Alaska's North Slope Gas

http://www.adn.com/news/alaska/ap_alaska/story/7968914p-7862054c.html

Florida Gas Transmission Again Issues Shipper Alert Due to Heat

Reuters, 12:48 July 17, 2006

Fire Erupts on a Gas Pipeline in Corpus Christi, Texas July 15

http://www.caller.com/ccct/local_news/article/0,1641,CCCT_811_4848580,00.html

Petronas, CNPC Big Investors in Rosneft's \$10 Billion IPO

International Oil Daily, July 17, 2006

<http://www.platts.com/Oil/News/8538177.xml?p=Oil/News&sub=Oil>

U.S. to Work to Remove Barriers and Promote Canadian Oil Sands Development

http://ca.today.reuters.com/news/newsArticle.aspx?type=businessNews&storyID=2006-07-14T235311Z_01_N1498734_RTRIDST_0_BUSINESS-ENERGY-BODMAN-OILSANDS-COL.XML

TECO Energy to Idle Synfuel Production Due to High Oil Prices July 31

Reuters, 12:12 July 17, 2006

Syria Vows Harsh Response if Israel Attacks

Reuters, 11:57 July 17, 2006

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA
<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>
Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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